

Registered No. 2208249

FAMILY EQUITY PLAN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2010

TUESDAY



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DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31st December 2010

Review of business

The Company is regulated by the Financial Services Authority

The Company's principal activity during the year was the management of Child Trust Funds (CTF's) and Individual Savings Accounts. Family Equity Plan continued to administer Cash and Equity ISAs distributed by the Post Office @ The Post Office introduced 3 new Fixed Rate products during 2010 which has increased Family Equity Plan's Funds Under Management. The successful transfer of Santander's back book of CTF business in 2009 has also helped Family Equity Plan grow during 2010. The rates of interest on the cash CTF fund were re-negotiated in October 2010 which increased the margin earned.

The Government announced that CTF vouchers would not be offered to new borns after 2010. FEP continues to sell CTF's and will do so into 2011 but the withdrawal of vouchers will result in declining sales figures.

To support the expansion of the Company's activities the Company issued a further 3m shares at par of £1 each on 31/03/10.

Results and dividends

The loss for the year was £483,963 (2009 loss £4,003,112). The Directors do not recommend the payment of a dividend in 2010 (2009 nil).

This loss was anticipated and arises as a result of the costs associated with the Company's investment in expanding its CTF and ISA activities.

Directors

The Directors of the Company for the financial year ended 31st December 2010 are listed below:

J R Reeve	Chairman & Chief Executive
K Meeres	Company Secretary
J Adams	Director

Elective resolutions

There are elective resolutions in force to dispense with:

- a) the laying of accounts and reports before the Company in general meeting,
- b) the holding of Annual General Meetings, and
- c) the obligation to appoint auditors annually.

Directors remuneration

The Company is required to comply with the FSA Remuneration Code. The Directors of the Company are not remunerated directly by the Company, they are remunerated by the parent company, Family Assurance Friendly Society Limited. Details of the remuneration of the Company can be found in the Remuneration Report of Family Assurance Friendly Society Limited at www.familyinvestments.co.uk/memberrepac.aspx or can be provided to you on request to the Secretary.

DIRECTORS' REPORT
CONTINUED

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

- * select suitable accounting policies and then apply them consistently,
- * make judgments and estimates that are reasonable and prudent,
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


K Meegres
Secretary

Date 4th March 2011

16 West Street
Brighton
East Sussex
BN1 2RE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAMILY EQUITY PLAN LIMITED

We have audited the financial statements of Family Equity Plan Limited for the year ended 31st December 2010 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body of our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- * give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its ~~profit~~^{loss} for the year then ended,
- * have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- * have been prepared in accordance with the requirements of the Companies Act 2006.

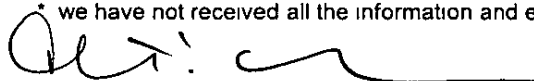
Opinion of the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- * adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- * the financial statements are not in agreement with the accounting records and returns, or
- * certain disclosures of directors' remuneration specified by law are not made, or
- * we have not received all the information and explanations we require for our audit.



Raymond Tidbury (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Date 4 March 2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Notes	2010 £	2009 £
Continuing operations			
Turnover	2	12,570,218	6,504,261
Cost of sales		(1,997,903)	(924,216)
Gross profit		<u>10,572,315</u>	<u>5,580,045</u>
Expenses	3	(11,081,638)	(9,400,547)
Loss on ordinary activities before interest and taxation		(509,323)	(3,820,502)
Interest received	4	78,499	62,821
Interest payable and similar charges	4	(10,364)	(5,317)
Exceptional Items		(42,775)	(240,114)
Loss on ordinary activities before taxation	5	(483,963)	(4,003,112)
Tax on ordinary activities	6	-	-
Retained loss for the year	11, 12	<u>(483,963)</u>	<u>(4,003,112)</u>

The Company has no recognised gains and losses other than those included in the movements on the Profit and Loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents

The notes on pages 6 to 8 form part of these accounts

BALANCE SHEET **AS AT 31ST DECEMBER 2010**

	Notes	2010 £	2009 £
CURRENT ASSETS			
Debtors	8	698,235	595,936
Cash at bank		6,388,896	2,809,887
		<u>7,087,131</u>	<u>3,405,823</u>
CREDITORS			
Amounts falling due within one year	9	(1,740,515)	(493,394)
Amounts falling due after more than one year	9	-	(81,850)
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES (Net Current Assets)		<u><u>5,346,616</u></u>	<u><u>2,830,579</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	21,465,000	18,465,000
Profit and loss account	11	(16,118,384)	(15,634,421)
		<u></u>	<u></u>
Equity shareholders' funds	12	<u><u>5,346,616</u></u>	<u><u>2,830,579</u></u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 4th March 2011 and signed on their behalf by

J Adams
Director



K Meeres
Secretary



The notes on pages 6 to 8 form part of these accounts

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

- a) The Financial Statements have been prepared in accordance with Companies Act 2006 and applicable Accounting Standards issued in the United Kingdom. The Financial Statements have been prepared under the historical cost convention.
- b) The Company has taken advantage of the exemption permitted by the FRS 1 (Revised) 'Cash Flow Statements' and has elected not to prepare the Cash Flow statement.
- c) The Company's significant accounting policies are detailed below and have been applied consistently.

Turnover

Turnover comprises commissions, interest margin and charges derived from the management of Individual Savings Accounts and Child Trust Funds. The company's policy is to recognise commissions and interest receivable when they are earned.

Interest

Interest earned and paid on Cash ISA and Cash CTF client money accounts is treated as Turnover.

Interest received on Company bank and deposit accounts is treated as interest received.

Deferred tax

Deferred tax is calculated on a full provision basis and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences using expected future rates of tax where applicable. Credit is taken for relief from trading losses only to the extent that the Directors anticipate that profits will absorb such losses in the foreseeable future. Deferred tax is not discounted.

2 TURNOVER

	2010 £	2009 £
Commission received	11,498,292	6,387,285
Margin earned on cash ISA and cash CTF client accounts	1,032,344	81,086
Account charges	39,582	35,890
	<u>12,570,218</u>	<u>6,504,261</u>

All Turnover is earned in the United Kingdom and is stated exclusive of VAT.

3 EXPENSES

	2010 £	2009 £
Administration	9,173,156	7,180,422
Acquisition	1,176,125	953,929
Development	775,132	1,266,196
	<u>11,124,413</u>	<u>9,400,547</u>

4 INTEREST RECEIVED AND PAID

	2010 £	2009 £
Interest receivable on cash ISA and cash CTF client accounts	21,334,909	4,412,567
Interest payable on cash ISA and cash CTF client accounts	(20,302,565)	(4,331,481)
Margin earned on cash ISA and cash CTF client accounts	<u>1,032,344</u>	<u>81,086</u>
Interest receivable on Company bank and deposit accounts	<u>78,499</u>	<u>62,821</u>
Interest payable on Company bank and deposit accounts	<u>(10,364)</u>	<u>(5,317)</u>

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £	2009 £
Loss on ordinary activities before taxation is stated after charging Auditors' remuneration for Audit services	<u>15,000</u>	<u>19,600</u>

6 TAXATION

a) Analysis of charge in period

	2010 £	2009 £
Current Tax		
UK corporation tax on profit/(loss) of the period	-	-
Current tax charge for the period (note 6 (b))	-	-
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS (Continued)

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b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%)
The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	(483,963)	(4,003,112)
Loss on ordinary activities multiplied by main rate of corporation tax in the UK of 28% (2009 28%)	(135,510)	(1,120,871)
<i>Effects of</i>		
Utilisation of tax losses	-	-
Losses Surrendered as group relief	56,230	32,071
Expenses not deducted for tax purposes	-	32,770
Losses Carried Forward to be utilised against future trading profits	79,280	1,056,030
<i>Current tax charge for period (note 6 (a))</i>	-	-

c) Factors that may affect future tax charges

The Company has trading losses carried forward for tax purposes of approximately £14 million available for offset against future trading profits. The directors do not consider it prudent to recognise a deferred tax asset. The amount of unprovided deferred tax asset is estimated to be approximately £3.9 million.

6 DIRECTORS' EMOLUMENTS

The current Directors received no emoluments during the year in respect of their services since they are remunerated as employees of the Company's parent (2009 nil).

7 EMPLOYEES

There are no employees directly employed by the Company (2009 nil). A service charge payable by the Company to the parent includes a portion for salary and staff related costs.

8 DEBTORS

	2010 £	2009 £
Amounts falling due within one year		
Fellow Subsidiaries	61,868	12,457
Trade Debtors	586,606	573,157
Other Debtors	49,761	10,322
	<u>698,235</u>	<u>595,936</u>

9 CREDITORS

	2010 £	2009 £
Amounts falling due within one year		
Amounts due to group undertakings - Parent Company	1,477,981	315,693
Bank Overdrafts	-	86,366
Accruals and deferred income	53,973	3,086
Other creditors	6,958	3,779
Commission due - see comment below	201,603	84,470
	<u>1,740,515</u>	<u>493,394</u>

The company has a commitment to pay a bank £2.3m by 31/10/2011. The amount remaining to be paid in 2011 is £383k.

Amounts falling due after one year		
Accruals	-	81,850
<i>This liability was transferred to the Parent company in 2010</i>		

10 SHARE CAPITAL

	2,010 £	2,009 £
Allotted, called up and fully paid £1 ordinary shares -		
Issued as at 1 January	18,465,000	15,465,000
Issue of Shares at par on 31st March 2010	3,000,000	3,000,000
Issued as at 31st December 2010	<u>21,465,000</u>	<u>18,465,000</u>

**NOTES TO THE ACCOUNTS
(Continued)**

11	PROFIT AND LOSS ACCOUNT	2010	2009
		£	£
	Balance at 1st January	(15,634,421)	(11,631,309)
	(Loss) for the year	<u>(483,963)</u>	<u>(4,003,112)</u>
	Balance at 31st December	<u>(16,118,384)</u>	<u>(15,634,421)</u>
12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2010	2009
		£	£
	Opening shareholders' funds	2,830,579	3,833,691
	(Loss) for the year	(483,963)	(4,003,112)
	Issue of Share Capital (see note 10)	<u>3,000,000</u>	<u>3,000,000</u>
	Closing shareholders' funds	<u>5,346,616</u>	<u>2,830,579</u>

13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of an exemption from FRS8 not to disclose transactions with Family Assurance Friendly Society Limited's group undertakings. Balances with Family Assurance Friendly Society Limited's group undertakings are shown in notes 8 and 9.

The Directors of Family Equity Plan Limited and its key management had no transactions with the Company during 2010.

14 ULTIMATE PARENT

The immediate and ultimate parent company is Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales in accordance with the Friendly Societies Act 1992. Copies of the ultimate parent's consolidated financial statements may be obtained from:

The Secretary
Family Assurance Friendly Society Limited
16-17 West Street
Brighton
East Sussex
BN1 2RL